KANSAS CORPORATION COMMISSION
OKLAHOMA GULF & WESTERN
NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

FORM NO. 1-1
December 1965
Form must be Typewritten
All blanks must be filled

Expected Spud Date: June 1, 2005

For KCC Use:

KCC Number:

District #:

 SSA? Yes No

OPERATOR: License 33342

Name: Blue Sky Operating, LLC

Address: 6913 SW 120th Street, Suite 204

City/State/Zip: Fort Worth, TX 76116

Contact Person: Beth McNeill

Phone: 817-625-4160

CONTRACTOR: License 228-606

Name: Jernake Wells, LLC

Address: 7000 NW 36th Street, Suite 300

City/State/Zip: Oklahoma City, OK 73112

Contact Person: Lee Jernake

Phone: 405-917-5555

Drilled for: Oil Gas

Type Equipment:

No Hotshot

Well Class:

Hotshot

Intert

Mud Rotary

Air Rotary

Gas Storage

Pool Ext.

Wired Well

Cable

WAG

Disposal

Wildcat

Orifice:

# of Holes

Other

If ONWW: old well information as follows:

Operator:

Well Name:

Original Completion Date:

Original Total Depth:

Directional Deviated to Horizontal wellbore:

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office prior to spudding of well;

2. A copy of the approved notice of intent to drill shall be posted on each drilling rig;

3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in adjacent surface pipe shall be set through all unconfined material to a minimum of 20 feet into the underlying formation;

4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement, if necessary prior to plugging;

5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;

6. If AN ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.

Or pursuant to Appendix "A" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area alternates II cementing must be completed within 30 days of the spud date or the well will be plugged. In all cases, NOTIFY district office prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Signature of Operator or Agent:

Date:

KCC WICHITA

MAJ L.925

May 25, 2005

KCC COMMISSIONER

For KCC Use Only:

API No.

Conductor pipe required:

Minimum surface pipe required:

Approved by:

This authorization expires:

Spud date:

Wait for:

KCC Conservation District, 130 E. Market - Room 207A, Wichita, Kansas 67202

Repeal to:

File DRI Per Application (form COP-1) with Intent to Drill;

File Completion Form KCO-1 within 120 days of spud date;

File acreage attribution plot according to filed production orders;

Notify appropriate district office 48 hours prior to workover or re-entry;

Submit plugging report (CP-6) after plugging is completed;

Obtain written approval before disposing or injecting salt water.

If this permit has expired (after authorized expiration date) please check the box below and return to the address below:

Well Not Drilled - Permit Expired

Signature of Operator or Agent:

Date:

Copy to:

KCC - Conservation District, 130 E. Market - Room 207A, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW
Plat of acreage attributable to a well in a prorated or spaced field

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15
Operator: Blue Jay Operating, LLC
Lease: Cherokee Basin Coal Gas
Well Number: A-13
Field: Cherokee Basin Coal Gas
Number of Acres attributable to well: 80

Location of Well: County: Wilson
1030 feet from W

Location from: E
Sec. 25, Twp. 25, R. 14
Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

PLAT
(Show location of the well and shade attributable acreage for prorated or spaced wells.) (Show footage to the nearest lease or unit boundary line.)

NOTE: In all cases locate the spot of the proposed drilling location.

In plotting the proposed location of the well, you must show:
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section’s south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CG-7 for oil wells; CG-8 for gas wells).